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DIVISION OF CONSUMER ADVOCACY
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 326
Honolulu, Hawaii 96813
Telephone: (808) 586-2800

PUBLIC UTILITIES
COMMISSION

2005 MAY 27 P 3:28

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
)
Public Utilities Commission)
)
Instituting a Proceeding to Investigate the)
Issues and Requirements Raised by, and)
Contained in, Hawaii Revised Statutes)
486H, As Amended)

DOCKET NO. 05-0002

DIVISION OF CONSUMER ADVOCACY'S
INFORMATION REQUESTS TO ICF CONSULTING, LLC

Pursuant to the Regulatory Schedule approved in Order No. 21670, the Division of Consumer Advocacy ("Consumer Advocate") submits its **INFORMATION REQUESTS TO ICF CONSULTING, LLC** in the above docketed matter.

DATED: Honolulu, Hawaii, May 27, 2005.

Respectfully submitted,

By 
JOHN E. COLE
Executive Director

DIVISION OF CONSUMER ADVOCACY

DOCKET NO. 05-0002

PUBLIC UTILITIES COMMISSION

DIVISION OF CONSUMER ADVOCACY'S
INFORMATION REQUESTS TO ICF CONSULTING, LLC

INSTRUCTIONS

In order to expedite and facilitate the Consumer Advocate's review and analysis in the above matter, the following is requested:

1. For each response, the Company should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, the Company should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by the Company to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, Company instructions, or any other relevant authoritative source which the Company used.
4. Should the Company claim that any information is not discoverable for any reason:

- b. State all facts and reasons supporting each claimed privilege and objection;
- c. State under what conditions the Company is willing to permit disclosure to the Consumer Advocate (e.g., protective agreement, review at business offices, etc.); and
- d. If the Company claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that the Company claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 05-0002

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All references herein are to ICF Consulting's report, "Implementation Recommendations for Hawaii Revised Statutes Chapter 486H, Gasoline Price Cap Legislation," dated April 15, 2005

CA-IR-1

Ref: ICF Report.

Please state whether, in ICF's opinion, the PUC should make any departures from the analyses and recommendations in ICF's April 15, 2005 report.

CA-IR-2

Ref: Page 25, paragraph 1.

- a. Please state whether information became available to ICF regarding transactions between Hawaii refiners and bulk customers done on an "import parity" equivalent and whether ICF reviewed such information in the context of their recommendations.
- b. Please also state whether, in ICF's opinion, a negotiated bulk sale price could somehow be used as a proxy for import parity rather than a speculative "appropriate" baseline plus location adjustment. If yes, please explain how this should be accomplished.

CA-IR-3

Ref: Page 19.

- a. Please state whether, in ICF's opinion, a premium should be added to the Platt's Singapore and USGC prices recognizing that importers without a contract will pay a premium on spot purchases.
- b. If yes, please explain how this should be accomplished.

CA-IR-4

Ref: Page 19.

- a. Please state whether, in ICF's opinion, there should be an incremental adjustment to the base gasoline price to cover additional import costs such as financing, inventory carrying costs and administrative costs.
- b. If yes, please explain how this should be accomplished.

CA-IR-5

Ref: Page 8.

- a. Please indicate how the federal ethanol mandates in 2006 will affect the import parity price of gasoline into Hawaii.
- b. Please also provide any recommendations as to how the Gas Cap formula should be adjusted to reflect the ethanol mandate.

CA-IR-6

Ref: Page 8.

- a. Please indicate how the federal ethanol mandates in 2006 will affect marketing costs.
- b. Please also indicate whether the price caps should be adjusted to reflect incremental marketing costs associated with ethanol blended gasoline. If so, please indicate how such an accommodation could be achieved.

CA-IR-7

Ref: Page 24.

- a. Please state whether, in ICF's opinion, a premium should be added to the Platt's Singapore price recognizing that gasoline produced in the Far East could have quality characteristics, which do not fully align with U.S. or Hawaii conventional gasoline.
- b. If yes, please explain how this should be accomplished.

CA-IR-8

Ref: Page 34.

- a. Please state whether, in ICF's opinion, a cap is needed on the bulk sales class of trade.
- b. Please also indicate whether, in ICF's opinion, such a bulk sales cap would further the intent of the legislation.

- c. Please also indicate whether, in ICF's opinion, such a bulk sales cap is likely to cause pricing anomalies and legal problems with existing contracts.
- d. Please also state whether, in ICF's opinion, such a bulk sales cap is consistent with multiple sales within the bulk class of trade.

CA-IR-9

Ref: Page 39.

Please provide the percentage split between branded and unbranded rack sales in Hawaii.

CA-IR-10

Ref: Page 39

- a. Please state whether, in ICF's opinion, for the purposes of the law a distinction between the branded and unbranded rack sales classes of trade is necessary.
- b. Please also indicate whether, in ICF's opinion, such a distinction between the branded and unbranded rack sales classes of trade would further the intent of the legislation.

CA-IR-11

Ref: Page 40.

Please state whether, in ICF's opinion, the price caps and station rent caps together might:

- a. render some stations uneconomic; and
- b. cause some locations to lose service.

CA-IR-12

Ref: Page 40.

Please indicate whether, in ICF's opinion, there is a higher risk that remote locations might become uneconomic and lose service.

- a. If ICF does see a risk that stations may become uneconomic and close, please explain under what circumstances that might occur.
- b. Please also indicate whether ICF has any recommendations for the PUC to prevent or at least minimize any loss of service that might occur.

CA-IR-13

Ref: Page 40.

Please state whether, in ICF's opinion, the recommended DTW price caps should be revised to reflect station rent caps that do not exist in benchmark Mainland markets. If yes, please explain how this should be accomplished.

CA-IR-14

Ref: Page 40.

Please state whether, in ICF's opinion, a factor adjustment should be applied to the recommended DTW price caps to reflect the higher retail capital requirements in Hawaii relative to benchmark Mainland markets. If yes, please explain how this should be accomplished.

CA-IR-15

Ref: Page 40.

- a. Please state whether, in ICF's opinion, the PUC should consider adjusting marketing margins on a monthly (versus annual) basis.
- b. Please indicate whether, in ICF's opinion, monthly adjustments would do a better job of mirroring competitive market conditions than annual adjustments.
- c. Please indicate whether, in ICF's opinion, there is any benefit or detriment in reflecting seasonal volatility that may be experienced in the mainland markets used to determine the Hawaii marketing margins.

CA-IR-16

Ref: Pages 49 and 79.

- a. Please state whether, in ICF's opinion, a price cap is needed on premium grade and mid-grade gasoline.

- b. Please also indicate whether, in ICF's opinion, such grade caps would further the intent of the legislation.

CA-IR-17

Ref: Pages 8 and 61

- a. Please indicate how the federal ethanol mandates in 2006 will affect distribution costs.
- b. Please also indicate whether, in ICF's opinion, the zone price adjustment process needs to be revised to allow for an early adjustment to reflect incremental distribution costs associated with ethanol-blended gasoline. If yes, please indicate how such an accommodation could be achieved.

CA-IR-18

Ref: Page 61.

Please indicate whether, in ICF's opinion, there is a way to apply PUC approved rates as a proxy for trucking costs incurred in DTW sales rather than estimates of high/low and/or average trucking costs supplied by companies. If yes, please explain how this should be accomplished.

CA-IR-19

Ref: Page 61.

Please indicate whether, in ICF's opinion, the price caps should make any accommodation for shippers who deliver to Hawaii in

double-hulled barges that are not yet mandated, if the additional costs of such shipping are properly identified.

- a. If yes, please indicate how such an accommodation should be achieved, such that shippers using single-hulled barges do not benefit from an increase in average barging costs by way of the zone cost adjustments.

CA-IR-20

Ref: Exhibit 6.1, Page 62.

- a. Please confirm that the total zone adjustment for zone 4 Maui (Hana) includes the same barge and terminal costs as zone 3 Maui (Kahului) and that the difference in total zone adjustments between zones 3 and 4 is based on trucking costs.
- b. Please provide a breakdown of the barge, terminal, and truck costs for zones 4 Maui (Hana), 5 (Molokai), and 6 (Lanai).

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S INFORMATION REQUESTS TO ICF CONSULTING, LLC** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

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DATED: Honolulu, Hawaii, May 27, 2005.


